

Message Text

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PAGE 01 STATE 047998
ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-08 SSO-00 AID-05 OMB-01 TRSE-00
IGA-02 SP-02 L-03 H-01 CIAE-00 INR-07 NSAE-00 INRE-00
/040 R

DRAFTED BY NEA/INS:JRGRAHAME:DIW
APPROVED BY NEA:ALATHERTON, JR.
NEA/INS:DKUX
EB/IFD/ODF:JWINDER
-----040117Z 013280 /13
O 040042Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI IMMEDIATE

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E.O. 11652: N/A

TAGS: EAID, IDA, IN

SUBJECT: INDIAN DCM'S CALL ON ASSISTANT SECRETARY
ATHERTON-IDA PROBLEM

REF: STATE 45489

1. INDIAN EMBASSY DCM VENKATESWARAN ACCOMPANIED BY
ECONOMIC MINISTER BAIJAL AND FIRST SECRETARY RAJAN CALLED
ON ASSISTANT SECRETARY ATHERTON ON MARCH 3 TO EXPRESS GOI'S
SERIOUS CONCERN ABOUT U.S. EFFORTS TO CUT INDIA'S SHARE
OF IDA LENDING. KUX, GRAHAME (NEA/INS) AND WINDER
(EB/ODF) ATTENDED.

2. VENKATESWARAN, NOTING THAT HIS AMBASSADOR HAS ALREADY
WRITTEN THE SECRETARY ON THE SUBJECT, EXPRESSED GOI
SURPRISE AND PUZZLEMENT AT LEADING ROLE USG HAS TAKEN WITH
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IDA DONORS IN SUPPORTING REVIEW OF IDA LENDING PATTERN
WITH A VIEW TO REDUCING INDIA'S CURRENT 40 PERCENT SHARE.
HE SAID THAT CONGRESSIONAL CRITICISM OF INDIA'S SHARE IN
IDA WAS NOT NEW AND THAT GOI COULD NOT UNDERSTAND WHY
ADMINISTRATION WAS NOW ACTING ON THE BASIS OF THIS
CRITICISM EVEN THOUGH WE HAD DEFENDED INDIA'S SHARE IN
RECENT CONGRESSIONAL TESTIMONY. HE EXPRESSED CONCERN THAT

THE MOVE COULD IMPACT ADVERSELY ON INDO-U.S. POLITICAL RELATIONS.

3. BAIJAL ADDED THAT WHILE THE WORLD BANK BOARD, WHICH INCLUDES INDIA, ALWAYS DISCUSSES LENDING POLICY ISSUES, DONOR GROUP DISCUSSION GIVES THE IMPRESSION OF THE U.S. ESTABLISHING PRE-CONDITIONS FOR ITS SUPPORT OF IDA REPLENISHMENT. HE SAID A LETTER FROM THE GOI FINANCE MINISTER TO SECRETARY BLUMENTHAL WAS ON ITS WAY.

4. ATHERTON SAID THAT OUR OVERALL OBJECTIVE IS FULL FUNDING FOR IDA, BUT THAT THERE ARE VERY SERIOUS PROBLEMS

IN GETTING THIS LARGE AMOUNT FROM AN ECONOMY-MINDED CONGRESS, ESPECIALLY WHEN CRITICS OF INDIA ARE IN KEY POSITIONS. HE FURTHER NOTED THE CURRENT FOCUS ON THE NEED FOR INCREASED ASSISTANCE TO AFRICA. HE SAID THAT OUR GOAL IS NOT TO REDUCE THE AID FLOW TO INDIA BUT TO GET THE IDA V BILL THROUGH CONGRESS AND THAT WE MUST SATISFY THESE CONGRESSIONAL CONCERNS IF WE ARE TO SUCCEED. OUR SUCCESS IN GETTING THE FULL REPLENISHMENT COULD INCREASE THE AMOUNT OF MONEY INDIA RECEIVES FROM IDA, EVEN THOUGH INDIA'S SHARE OF AN INCREASED IDA PIE WOULD BE LESS THAN 40 PERCENT.

5. ATHERTON REGRETTEED THAT THE FAST PACE OF THESE EVENTS PREVENTED US CONFERRING IN ADVANCE WITH THE INDIANS. HE SAID, IN RETROSPECT, HE WISHED THAT THERE HAD BEEN BETTER CONSULTATION AND NO SURPRISES.

VANCE

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Sent Date: 04-Mar-1977 12:00:00 am
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Disposition Approved on Date:
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